

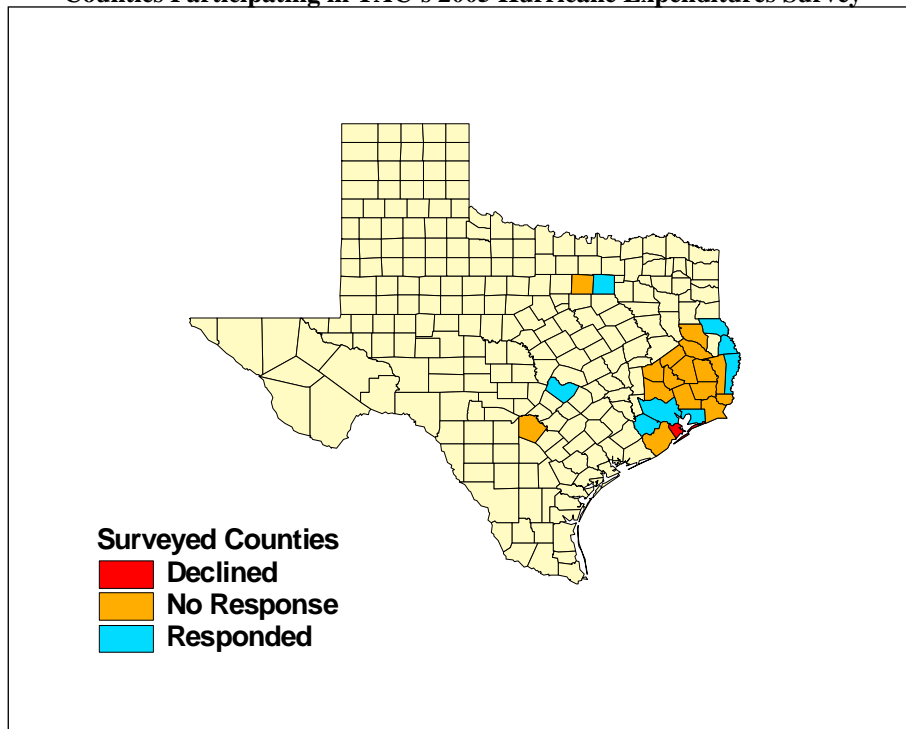
Report on TAC's 2005 Hurricane Expenditures Survey
Texas Association of Counties
February 22, 2006

At the end of November 2005, the Texas Association of Counties ("TAC") sent a short survey of five questions to 25 counties to determine costs to the counties from Hurricanes Katrina and Rita. The survey attempts to capture the costs in order to have the data on hand for the Texas Legislature as the members work on their interim charges in 2006. A copy of the survey is not included; however the first four of the five questions on the survey are included in Appendix A. The last question was open-ended and asked the counties to "Please enter any additional information or comments below that you would like to share with us."

Appendix A includes both the first four questions and summaries of the numeric responses to each of these questions. Appendix B provides all the comments received in the first four questions as well as all responses to the last question. Appendix C provides demographics on the surveyed counties.

The survey was sent to 25 counties as shown in the map below; mostly in the southeastern part of the state, but also to several large, urban counties that provided shelter for a large number of evacuees. Of these 25 counties, one county declined to complete the survey and 16 failed to make any response. The eight counties that did respond ranged from the most populous counties in the survey (Harris and Dallas) to some of the least populous (Sabine and Newton). Fort Bend and Travis rounded out the large urban counties, while Shelby and Chambers provided additional data from the smaller counties.

Counties Participating in TAC's 2005 Hurricane Expenditures Survey



Most of the expected reimbursements had not been received by the counties at the time of this survey. The counties were required to foot the bill with no guarantee of eventual reimbursement. This fact highlights the need for counties to have sufficient funds in reserve to meet the demands of catastrophic disasters. In addition, it raises two questions. **First, how will the reserve funds be re-built given the local economic losses in those counties directly hit by Hurricane Rita? Second, how will the reduction in the local tax base affect the county's future ability to continue providing adequate services to the people and**

businesses most affected by the disaster? It is beyond the scope of this report to answer either of these questions.

Comments from several of the counties indicated that some expenditures as well as data collection are on-going within the counties limiting their ability to determine total costs. In particular, not one of the responding counties was able to answer question 11 on loss of revenue from non-payment of taxes on destroyed/demolished structures although comments indicate the data may be forthcoming at a later date. Obviously the counties will need to wait to see the effect on property appraisals in order to determine the impact of Hurricane Rita. Jefferson County's Chief Appraiser expects a large increase in the number of appraisal protests due to the number of hurricane-damaged properties.¹

Additional comments noted that Chambers is still housing inmates outside the county as a result of the hurricanes and their adjusters are still compiling data on other costs/losses. For other expenses, Fort Bend stated, "Claim reports are being finalized for submission for labor, equipment and materials used." And Travis County reports that they are working with FEMA to determine exactly both how to file for reimbursement and what can be reimbursed which could change their reported costs. Travis's response also states that total expenditures for all categories are not available at this time although they believe that employee overtime would constitute the majority of their costs (question 1C).

Appendix D summarizes the responses from each county and calculates the difference between costs and reimbursements. The table includes "Total Expenses Less Total Reimbursements" near the bottom of the page. While five of the responding counties anticipate coming out basically even, three of the counties anticipate significant net costs. Shelby County's significant net loss is due to no reported current or anticipated reimbursements which are partially explained in their comment on question 5 that details the difficulties they are having with the Federal Emergency Management Agency ("FEMA"). Shelby County states, "FEMA is being very skeptical and wanting a great deal of information to back up the county's claims for reimbursement. This surprises me, being one government agency to another, that they try to discredit much of the information we give them."

On a per capita basis, Newton County with a population of only 14,345 will suffer the greatest loss (over \$64 per resident) although Harris County will suffer the greatest actual loss (at least \$5 million) once all anticipated reimbursements are received. Comments from Harris County indicate that they will suffer additional losses that were not included in the survey. These include straight time for employees for Hurricane Katrina as well as loss of revenue for the Harris County Toll Road Authority. It should be noted that the vast majority of the total reimbursements are "anticipated" reimbursements. These are reimbursements that are *expected within the next six months*.

Newton was also by far the most adversely affected county responding to the survey based on expenditures relative to property tax levies. Newton's total expenditures prior to reimbursement as a percentage of 2004 total property tax levies² topped 28%! This must be especially painful for a relatively small county that saw negative population growth from 2000 to 2004. Chambers, Sabine and Shelby Counties also saw very high expenditures relative to their 2004 tax levies at 6.2%, 5.3% and 15.0% respectively. Of these four counties, only Chambers achieved a population growth greater than 5% from 2000 to 2004. Note that this is not annual growth rate; it is total population increase over the entire period.

The lack of current reimbursements along with the continuing expenditures and on-going data collection within the counties strongly suggests that actual net costs for the responding counties can not be precisely determined at this time. Therefore, it is recommended that the survey be conducted again at a later date when more reliable information should be available.

¹ Beth Gallaspy, "Rita Will Throw off Appraisals", *Beaumont Enterprise* 5 January 2006, available from http://www.southeasttexaslive.com/site/news.cfm?newsid=15874138&BRD=2287&PAG=461&dept_id=512588&rfti=6

² The Texas Comptroller of Public Accounts will collect the 2005 Property tax data from all the counties in 2006 making the 2004 data the most current generally available at this time.

Appendix A - Report on the 2005 Hurricane Expenditures Survey

Texas Association of Counties

	<u># of Responses</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Mean (Avg)</u>	<u>St Dev</u>
1. In an effort to compile a statewide perspective on the hurricane-related expenses that Texas counties have incurred due to Hurricanes Katrina & Rita, we would like for you to give us a short summary of all the EXPENSES you have incurred to date due to these natural disasters. (If you are unable to breakdown expenditures, please provide a total in the 'Other' category.)					
A. Building damage (\$)	4	\$0.00	\$800,000.00	\$220,000.00	\$388,179.51
B. Debris removal (\$)	4	\$30,000.00	\$500,000.00	\$215,500.00	\$212,165.82
C. Employee overtime (\$)	8	\$18,980.23	\$1,154,000.00	\$215,680.64	\$386,559.87
D. Equipment damage (contents of buildings and other) (\$)	3	\$0.00	\$50,000.00	\$20,000.00	\$26,457.51
E. Generators (\$)	4	\$0.00	\$100,000.00	\$43,788.75	\$41,526.14
F. Housing evacuees (\$)	5	\$22,227.94	\$9,123,000.00	\$1,942,599.80	\$4,015,661.12
G. Housing inmates outside of county (\$)	3	\$0.00	\$150,000.00	\$50,000.00	\$86,602.54
H. Infrastructure damage (\$)	4	\$0.00	\$100,000.00	\$30,272.00	\$46,891.68
I. Loss of revenue from non payment of taxes on destroyed/demolished structures (\$)	0				
J. Medical expenses (\$)	5	\$3,000.00	\$111,275.21	\$26,665.84	\$47,384.50
K. Spraying for mosquitoes (\$)	3	\$0.00	\$25,000.00	\$8,333.33	\$14,433.76

	<u># of Responses</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Mean (Avg)</u>	<u>St Dev</u>
L. Transportation costs (\$)	5	\$386.90	\$5,000,000.00	\$1,034,796.78	\$2,217,178.89
M. Other costs (\$)	6	\$7,802.73	\$10,977,000.00	\$1,897,347.84	\$4,448,425.35
2. In an effort to compile a statewide perspective on the hurricane-related expenses that Texas counties have incurred due to Hurricanes Katrina & Rita, we would like for you to give us a short summary of all the REIMBURSEMENTS you have RECEIVED to date due to these natural disasters.					
A. FEMA (\$)	4	\$0.00	\$8,225,000.00	\$2,118,715.99	\$4,072,559.69
B. Other Federal Sources (\$)	2	\$0.00	\$0.00	\$0.00	\$0.00
C. State of Texas (\$)	3	\$0.00	\$31,000.00	\$10,333.33	\$17,897.86
D. Other (\$)	3	\$0.00	\$35,000.00	\$11,666.67	\$20,207.26
E. Briefly describe source(s) of other reimbursements	0				
3. If you could also estimate what EXPENDITURES you anticipate you will be facing over the next six months.					
A. Building damage (\$)	0				
B. Debris removal (\$)	0				
C. Employee overtime (\$)	1	\$5,000.00	\$5,000.00	\$5,000.00	
D. Equipment damage (contents of buildings and other) (\$)	0				
E. Generators (\$)	0				

	<u># of Responses</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Mean (Avg)</u>	<u>St Dev</u>
F. Housing evacuees (\$)	1	\$250,000.00	\$250,000.00	\$250,000.00	
G. Housing inmates outside of county (\$)	0				
H. Infrastructure damage (\$)	0				
I. Loss of revenue from non payment of taxes on destroyed/demolished structures (\$)	0				
J. Medical expenses (\$)	1	\$1,500.00	\$1,500.00	\$1,500.00	
K. Spraying for mosquitoes (\$)	0				
L. Transportation costs (\$)	0				
M. Other Costs (\$)	1	\$5,000.00	\$5,000.00	\$5,000.00	
4. If you could also estimate what REIMBURSEMENTS you anticipate you will be receiving over the next six months.					
A. FEMA (\$)	5	\$199,793.64	\$13,529,000.00	\$3,024,956.64	\$5,874,536.87
B. Other Federal Sources (\$)	1	\$0.00	\$0.00	\$0.00	
C. State of Texas (\$)	1	\$0.00	\$0.00	\$0.00	
D. Total Other Reimbursements (\$)	2	\$0.00	\$780,000.00	\$390,000.00	\$551,543.29
E. Briefly describe source(s) of other reimbursements	0				

Appendix B - Hurricane Expenditures Report
Text Answers and Comments
Texas Association of Counties

1. In an effort to compile a statewide perspective on the hurricane-related expenses that Texas counties have incurred due to Hurricanes Katrina & Rita, we would like for you to give us a short summary of all the EXPENSES you have incurred to date due to these natural disasters. (If you are unable to breakdown expenditures, please provide a total in the 'Other' category.)

C. Employee overtime (\$)

* There are probably some other costs out there but this would constitute the vast majority of our expenses.

H. Infrastructure damage (\$)

* Unknown

I. Loss of revenue from non payment of taxes on destroyed/demolished structures (\$)

* undetermined

* no estimate yet

* Unknown

J. Medical expenses (\$)

* included in housing

L. Transportation costs (\$)

* (Loss of Toll Road Rev)

M. Other costs (\$)

* (non Profit and Other)

2. In an effort to compile a statewide perspective on the hurricane-related expenses that Texas counties have incurred due to Hurricanes Katrina & Rita, we would like for you to give us a short summary of all the REIMBURSEMENTS you have RECEIVED to date due to these natural disasters.

A. FEMA (\$)

* None

B. Other Federal Sources (\$)

* None

C. State of Texas (\$)

* None

D. Other (\$)

* None

E. Briefly describe source(s) of other reimbursements

* none

* Insurance claim

3. If you could also estimate what EXPENDITURES you anticipate you will be facing over the next six months.

A. Building damage (\$)

* All included in the first page.

4. If you could also estimate what REIMBURSEMENTS you anticipate you will be receiving over the next six months.

A. FEMA (\$)

* all

E. Briefly describe source(s) of other reimbursements

* Insurance claims

5. Please enter any additional information or comments below that you would like to share with us.

A. Open-Ended Response

* Fort Bend County assisted evacuees in both Katrina and Rita. We had no debris or damage issues. Claim reports are being finalized for submission for labor, equipment and materials used.

* FEMA is being very skeptical and wanting a great deal of information to back up the county's claims for reimbursement. This surprises me, being one government agency to another, that they try to discredit much of the information we give them.

* These are 'estimates', we have hired an outside firm to document and negotiate with our insurance carrier and FEMA on building damages. Adjusters are still compiling data. We are still housing inmates outside the County. And so forth.

- * We are currently working with FEMA and the City of Austin to determine how we should file. If we submit a bill to the COA for Katrina, we will be able to submit overtime and straight time which will greatly increase costs for agencies such as HHS. FEMA is saying we should file with the COA for Katrina due to our Mutual Aid Agreement since all activity took place in a city owned facility. If we file independently for Rita, we will only be able to claim overtime and equipment rates plus a 3% administrative fee. The reason for filing independently for Rita is all the sheltering activities took place in numerous school districts. The paper work would be more than the reimbursement. Please let me know if I
- * \$10,000,000 of the figures indicated are for non-profit sheltering agreements and related ancillary services. These were not direct expenditures of the County, but will be reimbursed via agreement through the County. We have received a preliminary indication that loss of revenue for the Harris County Toll Road Authority will not be reimbursed. Expenses for Katrina do not include ineligible FEMA expenses such as straight time for employees. Also, these expenses do not include expenses for the Harris County Hospital District.
- * Sabine County contracted with the Corps of Engineers for debris removal so we have not had any costs associated with debris removal.

Appendix C - Demographics Of Surveyed Counties

Texas Association of Counties

<u>Status</u>	<u>County</u>	<u>2000 Census</u>	<u>Population 2004 Est.</u>	<u>Change</u>	<u>Property Tax Levy 2004, Total</u>
<i>Declined</i>					
	Galveston County	250,158	271,743	8.63%	\$89,056,488
<i>No Response</i>					
	Angelina County	80,130	81,492	1.70%	\$14,447,145
	Bexar County	1,392,931	1,493,965	7.25%	\$200,812,481
	Brazoria County	241,767	271,130	12.15%	\$61,095,177
	Hardin County	48,073	50,347	4.73%	\$10,105,206
	Jasper County	35,604	35,609	0.01%	\$8,780,535
	Jefferson County	252,051	248,223	-1.52%	\$57,528,162
	Liberty County	70,154	74,821	6.65%	\$18,154,513
	Montgomery County	293,768	362,382	23.36%	\$94,546,643
	Nacogdoches County	59,203	60,249	1.77%	\$8,758,532
	Orange County	84,966	84,873	-0.11%	\$19,246,156
	Polk County	41,133	46,397	12.80%	\$9,889,298
	San Jacinto County	22,246	24,678	10.93%	\$5,242,658
	Tarrant County	1,446,219	1,588,088	9.81%	\$245,819,565
	Trinity County	13,779	14,345	4.11%	\$2,388,295
	Tyler County	20,871	20,806	-0.31%	\$3,663,684
	Walker County	61,758	62,217	0.74%	\$9,638,940
<i>Responded</i>					
	Chambers County	26,031	28,227	8.44%	\$20,739,770
	Dallas County	2,218,899	2,294,706	3.42%	\$268,448,168
	Fort Bend County	354,452	442,620	24.87%	\$117,128,582
	Harris County	3,400,578	3,644,285	7.17%	\$780,815,682
	Newton County	15,072	14,345	-4.82%	\$3,305,992
	Sabine County	10,469	10,407	-0.59%	\$1,343,444
	Shelby County	25,224	26,156	3.69%	\$4,194,338
	Travis County	812,280	869,868	7.09%	\$295,732,746